RESPONSE TO COMMENTS
DRAFT PERMIT

This is our response to the comments received on the subject draft Minor New Source Review (NSR)/Title V permit in accordance with our regulations.

Permit No.:	R6DPA-GM1
Applicant:	Port Pelican LLC
Facility Name/Location:	Port Pelican Terminal Latitude: 29º 01' 33.41" N Longitude: 92º 32' 11.85" W 37 miles offshore from Cameron Parish, Louisiana, in the Gulf of Mexico
Draft Permit Public Notice Date:	10/05/03
Prepared by:	Stephanie D. Kordzi

Permit

Note: Throughout the comments submitted by the permit applicant, the Monitoring and Testing Requirements were referenced as being contained in Section II.B. The EPA assumes the applicant intended to reference Section III.B., which contains the Monitoring and Testing Requirements.

Issue No. 1.

The applicant requested the removal of the Louisiana regulatory requirements applicable to monitoring and reporting requirements from the Port Pelican permit, and requested that the Clean Air Act (CAA) be applied to Port Pelican in a manner consistent with its application to facilities in the region under the terms of the Outer Continental Shelf Lands Act (OCSLA).

Response No. 1.

The source of EPA authority to apply "applicable" state law in permits issued to deepwater port operators is 33 U.S.C. § 1518(b). EPA agrees that Congress generally intended that deepwater ports be regulated in similar fashion to outer continental shelf oil and gas facilities when it adopted that Deepwater Port Act (DPA) provision in 1974. That intent is reflected not only in the legislative history of the DPA, but in similarities between parts of the Outer Continental Shelf Lands Act and the DPA. *Compare* 43 U.S.C. § 1333 *with* 33 U.S.C. § 1518. This similarity does not, however, suggest that Congress intended in 1974 that regulation of emissions from deepwater ports be consistent with the current scheme of regulation of air emissions from facilities governed by OCSLA. After all, the current scheme is the product of the 1990 CAA amendments, which added Section 328 and thereby in effect created a narrow, subsequently adopted exception to the application of other federal and state laws under Section 4 of OCSLA.

Thus, air emissions from outer continental shelf sources are governed by a CAA provision, enacted sixteen years after the DPA, that does not directly apply to deepwater ports. If Congress had intended that the outer continental shelf provisions of Section 328 apply to deepwater ports, it had ample opportunity to so provide in the 1990 CAA amendments, or for that matter in the 2002 DPA amendments. Accordingly, we do not consider Section 328 or related regulations concerning outer continental shelf sources applicable to deepwater ports. Since neither the CAA nor the DPA includes an exception for deepwater ports comparable to Section 328, whereas Section 1518 of the DPA does incorporate applicable state law, we will refer to the Louisiana SIP as applicable in determining the requirements of Port Pelican's permit. As noted in the same legislative history document that the commenter cites, section 1518(b) "prevents the Deepwater Port Act from relieving, exempting or immunizing any person from requirements imposed by State or local law or regulation." S. Rep. No. 1217, 93rd Cong., 2nd Sess., at VI.19 (1974), *reprinted in* 1974 U.S.C.C.A.N. 7529, 7584.

EPA does agree that not all provisions of SIPs are applicable to emissions from deepwater ports. For instance, application of purely procedural provisions relating to state administrative processes would serve no useful purpose in federal permit actions. Other SIP provisions, including those related to controls, monitoring, and inspections, are appropriate means of implementing the Clean Air Act and EPA therefore regards them as "applicable" state law for DPA purposes.

Issue No. 2.

The applicant requested the HHV of boil-off and vaporized gas limit of 1092 BTU/scf under section III.(b) of the Facility-Wide Permit Requirements be eliminated.

Response No. 2.

The EPA agrees, based on the information submitted by the applicant confirming no increase in emissions. The provision will be removed from the permit.

Issue No. 3.

The applicant requested the opacity and particulate matter (PM10) testing requirement from the turbine generators GEN-001, GEN-002 and GEN-003 be eliminated (II-B Monitoring and Testing Requirements (b)(ii).

Response No. 3.

The EPA agrees to remove the PM10 annual testing, since emissions will be at de minimus levels. However, the permittee will be required to perform an initial stack test for PM10 on Emission Units GEN-001, GEN-002, GEN-003, GEN-004, and GEN-005 (see Section III.B(b)(iv)). The opacity testing requirements will remain in the final permit for GEN-001, GEN-002, and GEN-003 (see Section III.B(b)(v)).

Issue No. 4.

The applicant requested the annual stack testing requirement of the flare FLR-001 be eliminated for opacity and PM10 (II-B Monitoring and Testing Requirements (b)(ii)).

Response No. 4.

The EPA agrees to remove the annual stack testing requirement for PM10, but not for opacity. See Response No. 3 above.

Issue No. 5.

The applicant requested the annual stack testing requirement of the turbines GEN-001, GEN-002 & GEN-003 be eliminated for NO_X, and SO_x (II-B Monitoring and Testing Requirements (b)(ii)) and substitute compliance with record-keeping.

Response No. 5.

The request is denied. Since this facility will be new, EPA has determined the applicant must satisfactorily demonstrate compliance with the emission requirements. If a demonstration is made following several years of facility operations, the applicant may submit a request for a permit amendment to qualify for the waiver found in 40 CFR Subpart 60.8(b)(4).

Issue No. 6.

The applicant requested the annual stack testing requirement of the turbines GEN-001, GEN-002, & GEN-003 be eliminated for CO and VOC (II-B Monitoring and Testing Requirements (b)(iii)) and substitute compliance with record-keeping.

Response No. 6.

The request is denied. Since this facility will be new, EPA has determined the applicant must satisfactorily demonstrate compliance with the emission requirements. If a demonstration is made following several years of facility operations, the applicant may submit a request for a permit amendment to qualify for the waiver found in 40 CFR Subpart 60.8(b)(4).

Issue No. 7.

The applicant requested the requirement for annual stack testing of emergency diesel generator engines GEN-004, & GEN-005 be eliminated, because these engines are expected to be utilized under 200 hours/year (II-B Monitoring and Testing Requirements (b)(ii) and (b)(iii)).

Response No. 7.

The EPA agrees. Annual testing on emergency equipment is not required by regulatory provisions. It will be removed from the permit. However, initial performance testing requirements will remain in the final permit (see Section III.B.(b)(iv)).

Issue No. 8.

The applicant requested changing monitoring requirements for the emergency diesel generator engines (GEN-004 and GEN-005) and all diesel engines (cranes CRA-001, CRA-002, CRA-003 and firewater pumps FWP001 through FWP-004) (II-B Monitoring and Testing Requirements (b)(ii)), Table 4) since NSPS Subpart GG applies to stationary gas turbines exclusively.

Response No. 8.

The EPA agrees. Table 4 will be revised to reflect the appropriate regulatory conditions.

Issue No. 9.

The applicant requested eliminating opacity testing requirements on the diesel crane engines CRA-001, CRA-002, and CRA-003 (II-B Monitoring and Testing Requirements (b)(ii)).

Response No. 9.

The request is denied. The provision will remain in the permit. Use of the diesel cranes is not limited to emergency situations. They are used in conjunction with the industrial regasification process.

Issue No. 10.

The applicant requested the utilization of each firewater pump engine FWP-001, FWP-002, FWP-003, & FWP-004 be reduced from 5% to 4% reducing NO_X emissions below 2 tons/year each.

Response No. 10.

The applicant may submit a revision to the permit application at any time reflecting the new projected emissions. The EPA will develop a permit modification to the permit based on the amended application.

Issue No. 11.

The applicant commented that EPA included insignificant emissions in the total emissions and these should be removed from the Table 3 on page 8 of the permit.

Response No. 11.

The EPA agrees. The Table has been revised based on the clarification submitted by the applicant.

Issue No. 12.

The Minerals Management Service (MMS) commented that Tables 1 and 2 do not include related emission sources on the LNG vessel while it is berthed at the facility, and that there appears to be a strong basis for including vessel emissions that are directly associated with the offloading process. In addition, the MMS commented that its air quality regulations for OCS oil/gas facilities include vessel emissions while they are tied to a platform (see 30 CFR 250.302, definition of Facility).

Response No. 12.

As MMS noted in its comment, different laws and regulatory frameworks apply to sources governed by OCSLA and to deepwater ports. Under CAA Section 328, MMS regulates air emissions from OCS sources in the western Gulf of Mexico, while EPA regulates other OCS sources. For both sets of sources, Section 328 provides that any vessel emissions within 25 miles of an OCS source are to be considered direct emissions from the source. Section 328 does not, however, apply to deepwater ports, because they are not "authorized and regulated under the Outer Continental Shelf Lands Act." *See* CAA §328(a)(4)(C)(ii). We therefore look to the more generally applicable requirements of the Clean Air Act and the Louisiana SIP.

Based on our reading of the plain language of the CAA, EPA has determined that emissions generated from processing LNG at deepwater ports, including emissions produced by external combustion ship propulsion engines, should be included in the applicability determination. On the other hand, we have determined that "to and fro" emissions from marine vessels and the vessels' "hotelling" emissions are not directly associated with the activities of the port as part of the emissions attributable to the port facility. We make this distinction because under the DPA, other U.S. laws apply "to deepwater ports . . . and to activities connected, associated, or potentially interfering with the use or operation of any such port." 33 U.S.C. § 1518(a)(1). The "to and fro" emissions and "hotelling" emissions from the vessels are associated with the normal seagoing activities of the vessels and not with the industrial activities associated with the port. We consider that emissions produced by a vessel's engines during the transfer of LNG to the port are akin to hotelling or to and fro emissions, in that such emissions are not directly associated with the activities of the port. Emissions produced by a vessel's engines during the transfer of LNG to the port in liquefied form[1] are therefore not included in the applicability determination. There are no New Source Performance Standards (NSPS) applicable to emissions from the LNG vessels that will call on the Port Pelican facility.

Accordingly, we are not requiring that vessel emissions associated with the LNG offloading process be considered in this permit.

Issue No. 13.

The MMS commented that for OCS sources under EPA jurisdiction, emissions from service vessels while at the OCS facility or en route to and from the facility are considered to be part of the OCS source (see Section 328 (a) (4) (C) of the Clean Air Act). The comment also stated that EPA has included vessels air permits for exploration projects and a production facility on the Alaska OCS. The MMS noted, however, that the project being considered in this application is not an OCS source and this section does not apply.

Response No. 13.

The EPA Region 6 was unable to identify the particular facilities referenced. In any event, EPA Region 6 agrees the facility is not an OCS source. See Response No. 12 above.

Issue No. 14.

The MMS commented that on past actions on permits for offloading facilities, EPA has included vessels in the permit. One example was a crude oil port in the State of Washington that was reviewed in the late 1970s. Although the project was never built, a PSD modeling analysis was performed.

Response No. 14.

See Response No. 12 above.

[1]Emissions produced by a vessel's engines in an industrial process associated with the activities of a deepwater port, such as regasification or other processing of LNG, would be directly associated with the port's activities. These emissions would be included in an applicability determination and regulated accordingly.

Statement of Basis

Issue No. 1.

CAM Rule Section: Mr. Peter Wolberg requested clarification on what the definition is of a major source (the threshold) for Title V major source. Specifically, the Statement of Basis indicated that the Title V major source threshold is 250 tons per year (TPY). Mr. Wolberg commented that is the PSD major source threshold. He stated the Title V major source threshold is 100 tons per year.

Response No. 1.

The EPA agrees. The CAM Rule Section should have read: "Because the monitoring requirements were not subject to CAM requirements on other grounds, we find that this error did not affect the public's ability to comment on the permit."

Issue No. 2.

Mr. Ed Hughes commented on 2 discrepancies in Table V of the Statement of Basis regarding the totals for Formaldehyde and Naphthalene. In summing the columns for the different pollutants, everything came out the same except for these two pollutants. His values were higher at 2.177 and 0.004, respectively. He also believes there is a similar discrepancy in the previous table - Table 4 Permitted Emissions in TPY.

Response No. 2.

The EPA agrees. The total for Formaldehyde is 2.18 TPY. The total for Naphthalene is 0.004 TPY. The Naphthalene and Formaldehyde entries in Table 4 should have read these values. Because the corrected numbers are still below the de minimus thresholds for hazardous air pollutants, the conditions of the permit remain the same and did not affect the public's ability to comment on the permit.

Table 4 has also been revised to reflect the removal of insignificant emissions from the totals inadvertently placed in the Table in the draft permit.

Other Changes to the Final Permit

Change No. 1.

For clarification, the Opacity requirement was placed in Table 3 (this limit was already included in Section III.F. of the permit).

Change No. 2.

Section II.C. (b) & Section III.D.(f) - The EPA has determined that a unit identified as insignificant is subject to the requirements of 40 CFR part 60, Subpart Kb, Standards of Performance for Volatile Organic Liquid Storage Vessels (Including Petroleum Liquid Storage Vessels) for which Construction, Reconstruction, or Modification Commenced After July 23, 1984, as it applies to the source for such conditions as emission units, emission limits testing, monitoring conditions, record keeping and reporting, and facility wide operating conditions.

(i) The permittee shall keep copies of all records for at least two years, for the following insignificant units identified in the permit application: One diesel storage tank (750 bbl(31500 gal)). The records shall be kept readily accessible and show the storage vessel dimensions and an analysis showing the storage vessel capacities.

Change No. 3.

Section III.B.(b)(iii & iv) - The EPA has clarified the permittee should use the following Methods found in Part 60, Appendix A for determining PM10 compliance.

(A) PM10 by Method 201 of 40 CFR Part 51, Appendix M -- Determination of PM10 emissions using exhaust gas recycle procedure (measures total noncondensible PM10);

(B) PM10 by Method 201A of 40 CFR Part 51, Appendix M -- Determination of PM10 emissions using constant sampling rate procedure (measures total noncondensible PM10);

(C) PM10 by Method 202 of 40 CFR Part 52, Appendix M -- Determination of Condensible Particulate Emissions from Stationary Sources (measures total condensible PM10).

Change No. 4.

Section III.B.(b)(v) - The EPA has determined the facility must conduct a compliance test once per year for opacity, but not PM10, for additional units, GEN-001, GEN-002, GEN-003, and FLR-001.

Change No. 5.

Section III.E.(c) & IV.N. - The EPA has determined, for inspection and compliance purposes, that the permittee will be required to provide a schedule to the EPA containing dates/times when the vessels carrying LNG will be docking at the terminal to offload the LNG. This information shall be included with the semi-annual report the permittee submits to the EPA reporting any required monitoring under this permit which is to be submitted every six months following the anniversary of permit issuance. Any change to the schedule submitted with the semi-annual report must be provided to the EPA Regional office no later than 30 days before the earlier of the scheduled or actual date of arrival at the terminal.

Change No. 6.

Section IV.S(a)(i) - In accordance with Louisiana requirements, regarding construction and start up requirements, the following provision was added to the final permit. Language was also struck from the final permit as noted for clarification.

> "(i) ~~Within 180 days from December 1, 2005, the permittee will begin construction activities.~~ This permit shall become invalid, for the sources not constructed, if:
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> (A) Construction is not commenced, or binding agreements or contractual obligations to undertake a program of construction of the project are not entered into, within two (2) years after issuance of this permit, or;
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> (B) If construction is discontinued for a period of two (2) years or more.
>
> The administrative authority may extend this time period upon a satisfactory showing that an extension is justified.
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> This provision does not apply to the time period between construction of the approved phases of a phased construction project. However, each phase must commence construction within two (2) years of its projected and approved commencement."

Change No. 7.

Section III.F.(c), (d), & (e) - In order to ensure compliance with Louisiana requirements regarding stationary tanks, the following provisions were added to the final permit.

> "(c) Chapter 21, Section 2103.A. - No person shall place, store or hold in any stationary tank, reservoir or other container of more than 250 gallons (950 liters) and up to 40,000 gallons (151,400 liters) nominal capacity any volatile organic compound, having a true vapor pressure of 1.5 psia or greater at storage conditions, unless such tank, reservoir or other container is designed and equipped with a submerged fill pipe or a vapor loss control system or is a pressure tank capable of maintaining working pressures sufficient at all times under normal operating conditions to prevent vapor or gas loss to the atmosphere. Applies to the JP-4 tank and the waste oil tank.
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> (d) Chapter 21, Section 2103.H. - True vapor pressure shall be determined by ASTM

Test Method D323-82 for the measurement of Reid vapor pressure, adjusted for actual storage temperature in accordance with API Publication 2517, Third Edition, 1989. Applies to the JP-4 tank and the waste oil tank.

(e) Chapter 21, Section 2103.I.3. thru 5. - Monitoring/Record keeping/Reporting. The owner/operator of any storage facility shall maintain records to verify compliance with or exemption from LAC 33:III.2103. Applies to the JP-4 tank and the waste oil tank. The records shall be maintained for at least two years and will include, but not be limited to, the following:

(i) The date and reason for any maintenance and repair of the applicable control devices and the estimated quantity and duration of volatile organic compound emissions during such activities.

(ii) The results of any testing conducted in accordance with the provisions specified in LAC 33:III.2103.H.

(iii) Records of the type(s) of VOC stored and the average monthly true vapor pressure of the stored liquid for any storage vessel with an external floating roof that is exempt from the requirements for a secondary seal and is used to store VOCs with a true vapor pressure greater than 1.0 psia."